

Message Text

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ACTION EB-11

INFO OCT-01 AF-10 EUR-25 ISO-00 SS-20 L-03 SP-03 CIAE-00

INR-11 NSAE-00 RSC-01 NSC-07 XMB-07 COME-00 TRSE-00

OMB-01 DRC-01 PRS-01 /102 W
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R 061600Z AUG 74

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC 8858

INFO AMEMBASSY PARIS

AMEMBASSY BRUSSELS

LIMITED OFFICIAL USE KINSHASA 6806

E.O. 11652: N/A

TAGS: BEXP, CG

SUBJECT: COLLINS AND EDUCATIONAL TV CONTRACT

1. TAUBENNECK OF ROCKWELL INFORMS US FINMIN BARUTI AUGUST 2
SIGNED AGREEMENT WHEREBY COLLINS RADIO WILL BUILD 22
GROUND STATIONS FOR EDUCATIONAL TV NETWORK AT COST OF
\$85,417,668. DEAL CALLS FOR DELIVERIES IN
SIX MONTH INSTALLMENTS OF COPPER AND COBALT WHICH WILL
BE ASSIGNED TO BANKS AS SECURITY FOR THE LOAN.

2. FIRST BOSTON CORPORATION WILL SYNDICATE EURODOLLAR LOAN
AT 1-3/4 PERCENT OVER LONDON INTERBANK OFFERED RATE FOR SIX
MONTHS DEPOSITS OF US DOLLARS. LOAN MATURES IN FOUR YEARS.

3. BASED ON PREVIOUS DISCUSSIONS WITH COLLINS REPS,
WE UNDERSTAND DELIVERY DATES OF COPPER AND COBALT ARE
AS FOLLOWS:

DATES AMOUNTS (IN METRIC TONS)

	COPPER	COBALT
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JAN 15, 1975	5,000 T	150T
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JULY 15, 1975	5,000 T	150 T
JAN 15, 1976	5,000 T	150 T
JULY 15, 1976	5,000 T	150 T
JAN 15, 1977	5,000 T	150 T
JULY 15, 1977	5,000 T	150 T
JAN 15, 1978	5,000 T	150 T
JULY 15, 1978	30,000 T	900 T

JULY 15, 1978: THE FINAL AMOUNT IN COPPER AND COBALT TO BE MADE AVAILABLE JULY 15, 1978 SHOULD BE ADEQUATE TO GENERATE SUFFICIENT US DOLLARS TO COVER THE FOLLOWING:

(1) AMOUNT OF THE LOAN PLUS INTEREST DUE AT MATURITY LESS AMOUNT HELD IN ESCROW AT MATURITY, OR

(2) AMOUNT OF THE LOAN PLUS INTEREST DUE AT MATURITY PLUS CUMULATIVE SHORTFALL AT MATURITY.

4. COMMENT: IN VIEW EXIMBANK'S REFUSAL GRANT COLLINS LOAN APPLICATION, WE ARE FRANKLY SURPRISED GOZ DECIDED AWARD THIS LARGE CONTRACT TO US FIRM IN VIEW STIFF COMPETITION FROM THOMSON OF FRANCE AND CONCESSIONARY FINANCING INCLUDING LOAN FROM COFACE (KINSHASA 4063). WE KNOW BISENGIMANA OPPOSED FUTURE DELIVERIES OF COPPER TO HELP FINANCE THIS LOAN (KINSHASA 5936) AND SIMILAR CONCERNS WERE RECENTLY EXPRESSED TO CHARGE BY FINANCE COMMISSIONER BARUTI. OBVIOUSLY COMMISSAIRE D'ETAT FOR NATIONAL ORIENTATION, SAKOMBI, WHO FAVORED USE OF COPPER TO SECURE LOAN, HAS PREVAILED. WE ASSUME MAJOR ELEMENT IN GOZ DECISION WAS FIRM COMMITMENT BY COLLINS TO HAVE TWO OR MORE GROUND STATIONS OPERATING IN ZAIRE BY NOVEMBER 24, 1975. IN ADDITION, WE UNDERSTAND GOZ PERSUADED COLLINS TECHNICALLY SUPERIOR TO THOMSON. NEWLIN LIMITED OFFICIAL USE

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